

DRAFT- MARCH, 2008

Yakima Valley Memorial Hospital

CHARITY CARE GUIDELINES

Purpose

The purposes of the Charity Care Guidelines are to:

1. Assist Memorial in its mission to "Improve the Health of Those We Serve" by identifying the specific ways that we financially assist our community's uninsured and under-insured patients and families.
2. Provide a clear statement of our guidelines to inquiring patients/families and other members of our publics.
3. Provide an overall operating procedure for day-to-day administration of the financial assistance program by Memorial's financial staff.
4. Assist Memorial in complying with the State of Washington requirements for the provision of charity care, as defined by RCW 70.170.020 and 70.170.060 as well as WAC 246-453.
5. Assist Memorial in meeting the obligations contained within its 501(c)(3) tax-exempt status as a charitable institution.

Policy for Financial Assistance

Memorial serves all persons needing its health care services regardless of race, color, sex, sexual orientation, religion, age, or national origin. Memorial does not deny necessary health services to any individual based upon the ability to pay for such services.

Memorial maintains a financial assistance staff which: (1) determines the financial obligations for out-of-pocket payment on the part of the patient or responsible party; (2) provides assistance to patients and/or responsible persons in determining sources for payment for such obligations; and (3) determines the amount of charitable financial assistance which the Hospital should provide, per this policy, to persons who provide the necessary documentation for determination of eligibility.

At a minimum, Memorial provides charitable financial assistance in amounts as are prescribed in Washington State statutes and regulations as well as by any "voluntary effort" of Washington's hospitals. Memorial makes the availability of charitable financial assistance known to inquiring patients, especially to those who indicate to us that they are uninsured.

In consideration of Memorial's need to remain financially solvent in order to be able to continue to serve our community, the Hospital reserves the right to:

1. In consultation with the referring physician and the Medical Staff, define whether individual services are necessary for the improvement of an individual's health or could be cancelled or delayed pending determination of the need for financial assistance.
2. Require evidence of a patient's financial status before granting charitable financial assistance.
3. Require a patient to exhaust all possibilities for third party coverage prior to granting charitable financial assistance. Memorial is not responsible for providing charitable financial assistance to patients who become ineligible for third party coverage solely because they didn't follow through with an application during the required timeframe.

Memorial's obligation to consider eligibility for charitable financial assistance extends continuously from prior to the provision of services and until such time as a judgment in a collection proceeding has been rendered against the responsible party. Memorial shall not pursue collection efforts directed at the responsible party while eligibility for charitable financial assistance is being determined, provided that the responsible party is cooperative with the hospital's reasonable requests for information to determine eligibility. Eligibility is best determined at as early a date as possible, at the time of admission or as soon as possible following the initiation of services. Memorial may pursue reimbursement from third party coverage during the period that eligibility for financial assistance is pending.

Memorial shall not require deposits for service in cases where an initial determination of financial status indicates that the responsible individual maintains family income of less than two hundred percent (200%) of the Federal Poverty Level.

Nothing in this policy reduces the need and obligation of Memorial to aggressively pursue collection of all amounts owed for health care services which have been provided or to request advance deposits for services which are to be rendered, except as otherwise indicated within these guidelines.

Memorial does not charge interest or late fees on patient balances owed. Memorial does not send accounts to collection services until it exhausts all reasonable efforts at collecting patient balances. There may be interest and other fees which are associated with collection services.

Public Notification

Memorial provides prominent public notices and explanations of the availability of charitable financial assistance. These include:

1. Signs posted, in English and Spanish, in Memorial's Emergency Department reception area, outpatient and inpatient registration areas, offsite services departments, cashier areas, and business services reception areas.
2. Written notice contained on the Authorization for Treatment form.
3. Training of registration staff in providing basic information to uninsured or inquiring patients regarding the availability of charitable financial assistance. This includes the provision of applications for assistance, written in both English and Spanish. Staff, including bi-lingual staff members, are available for reading or translation of information or to otherwise respond to questions.
4. Notifications on billing notices sent to patients or responsible parties, as appropriate.

Eligibility Determination for Charitable Financial Assistance

1. Criteria for Eligibility.
 - a. No other source of payment is available for the Hospital's charges for which financial assistance is requested. Other sources include, but are not limited to, medical insurance plans, medical assistance programs, third party liability, or any other situation in which another person or entity may have responsibility to pay for the costs of medical services.
 - b. All responsible persons without other payment sources for all or a portion of uncovered charges and who have gross annual family income equal to or below one hundred percent (100%) of the most-recently published Federal Poverty Level standards (FPL), adjusted for family size, shall qualify for charitable financial assistance for the full amount of Memorial's charges which are not reimbursed by third parties.
 - c. Responsible persons with family incomes in excess of 100% of the FPL, as adjusted for family size, may be eligible for charitable financial assistance per a Sliding Fee Schedule (see Exhibit A).
 - d. Responsible persons with family incomes over 100% and at or below 200% of FPL shall have hospital charges which are not covered by public or private sponsorship limited to 40% of the excess of that person's annual family income over 100% of FPL, adjusted for family size.
 - e. In consideration of family income, "family" is defined as a group of two or more persons related by birth, marriage, or adoption and who live together. The family income of adult children is considered separate from family income of the patients.
 - f. The Sliding Fee Schedule for responsible persons with gross annual family income in excess of 100% of FPL provides the maximum amount of charges for which the responsible person is expected to provide payment. Persons eligible

for application of the Sliding Fee Schedule have additional financial circumstances taken into account for purposes of adjusting the amount resulting from the application of the sliding fee schedule. These may include but are not limited to:

- i. Extraordinary nondiscretionary expenses relative to the amount of the responsible person's medical care expenses.
 - ii. The existence and availability of family assets.
 - iii. Future income earning capacity, especially where ability to work in the future may be limited as a result of illness.
 - iv. Ability to make payments over an extended period of time.
 - v. Other important factors impacting the potential ability of the responsible person to pay the non-covered charges.
- g. In consideration of placement within the Sliding Fee Schedule, gross annual family income is adjusted upward by the amount of "excess" assets which could be disposed to pay the unpaid charges. Credit reports may be utilized for the determination of assets. The following assets shall not be considered to be "excess" family assets as a part of this calculation:
- i. Family's principal residence.
 - ii. Motor vehicles which are required for employment and/or essential needs, or which have been modified for operation or transport of a disabled person.
 - iii. Personal effects and household goods.
 - iv. Resources necessary for self-support.
 - v. Burial space and up to \$1,500 for a burial fund.
 - vi. Life insurance policy with a cash value up to \$1,500.
- h. At Memorial's discretion, charges considered for charitable financial assistance may not include separately-billed charges for the professional services of Memorial's Medical Staff.
- i. Special circumstances may be considered in the eligibility process, including cases which constitute severe financial hardship but do not result in family income below the threshold levels. These may include employment status, presence of disabling conditions, or transiency.
- j. Persons are not denied charitable financial assistance solely due to mental, intellectual, sensory, or language barriers hindering the application process, or in other cases where the application process can be considered unreasonably burdensome.
- k. Requests to provide charitable financial assistance are accepted from sources such as physicians, community or religious groups, social service agencies, financial services personnel, and collection services, in addition to the patient and/or responsible person.

- l. Persons who reside outside of the State of Washington and are transient within Yakima may be provided charitable financial assistance only for services which are of an emergency nature.
- m. Factors other than those indicated above may be considered, in the Hospital's sole discretion.

2. Eligibility Determination.

- a. Memorial may make an initial determination of eligibility for charitable financial assistance as a part of the up-front financial screening process. In the event that the patient or responsible person's identification as an indigent person is obvious to Hospital personnel, then further eligibility determination is not needed. This includes situations where an indigent patient does not appear to qualify for Medicaid, or qualifies only after significant spend-down.
- b. Patients or responsible persons may apply for charitable financial assistance through the completion of the Charity Care Application. The Application must be returned to Memorial's Business Services with as many of the following documents as possible, although any one of these shall be considered as sufficient evidence upon which to determine eligibility:
 - i. W-2 withholding statements and/or paycheck stubs for all employment during the past 12 months.
 - ii. Income tax return from the most recently filed calendar year.
 - iii. Approval or denial forms relating to eligibility for Medicaid.
 - iv. Approval or denial forms relating to unemployment compensation.
 - v. Written statements from employers or welfare agencies.
 - vi. Any other documentation which the patient or responsible person believes will assist the Hospital in its determination of the need to provide charitable financial assistance.
 - vii. In the event that the responsible party is not able to provide any of the documentation described above, Memorial shall rely upon written and signed statements from the responsible party in its final determination of eligibility status.
- c. A patient and/or responsible person is provided with no fewer than fourteen (14) days to complete a Charity Care Application and provide the necessary documentation. The Hospital reasonably extends this time period as necessitated by the needs of the patient, including such time as the person's medical condition may require, or such time as needed to secure and to present required financial documentation.
- d. Memorial notifies responsible parties applying for charitable financial assistance of the final determination of sponsorship status, including the amount of such sponsorship as well as the amount for which the responsible party will be

financially accountable, by no later than fourteen (14) calendar days of receiving the completed Charity Care Application and required documentation. A denied applicant is notified of the basis for denial.

- e. All parties denied charitable financial assistance are notified of an appeals procedure that enables correction of any deficiencies in documentation or to request a review of the denial. Responsible parties are notified that an initial appeal must be made within thirty (30) calendar days of the initial denial. Memorial does not refer an account for collection services during the first fourteen (14) days of this period. Any collection efforts undertaken are suspended during an appeal. A repeated denial may be appealed to Memorial's Chief Financial Officer or designee.
- f. If Memorial's final decision upon appeal affirms previous denials, then the responsible person and the Department of Health are notified in writing of the decision and the basis for the decision, and the Department of Health is provided with copies of documentation upon which the decision was based.
- g. Any amounts paid by a responsible party prior to the final determination of charitable financial assistance, which are subsequently found to have met the criteria for charitable financial assistance at the time that services were provided, are refunded to the responsible party within thirty (30) days of such determination.
- h. The Charity Care Application covers grouped or continued services for a currently diagnosed medical condition. Memorial reserves the right to request an updated Charity Care Application, including appropriate documentation, for a new episode of illness or at six month intervals in order to reevaluate the need for charitable financial assistance.

Hospital Classification of Bad Debts and Charity Care

Memorial considers the following to be Charity Care, as recorded on the hospital's financial statements:

1. Financial assistance, as provided to responsible persons per this policy.
2. For patients or responsible persons, regardless of family income, who have no medical insurance and are otherwise not eligible for charitable financial assistance, or who have failed to apply or follow through on the application process, 25% of gross charges are categorized as Charity Care. This percentage is not in addition to other financial assistance discounts, and it is subject to periodic review and change at Memorial's discretion.

Amounts sent to collection, and for which the patient does not subsequently apply for and receive financial assistance, are deemed to be Bad Debts. Amounts recovered from collection are used to offset Bad Debts on the hospital's financial statements.

Memorial's obligation to consider eligibility for charitable financial assistance extends continuously from prior to the provision of services and until such time as a judgment in a collection proceeding has been rendered against the responsible party.

Annual Updating of Financial Assistance Income Guidelines

Memorial updates income eligibility categories upon the annual reissuance of Federal Poverty Level (FPL) income levels by family size. The following categories are identified:

1. Income at or below 100% of FPL: 100% discount to charges.
2. 101% to 133% of FPL: 75% discount to charges (with additional discounts so that payment is no greater than the average cost-to-charge ratio times applicable charges). This includes the discount (currently 25% of charges) which the Memorial may provide for all patients lacking insurance.
3. 134% to 166% of FPL: 50% discount to charges (with additional discounts so that payment is no greater than the average cost-to-charge ratio times applicable charges). This includes the discount (currently 25% of charges) which the Memorial may provide for all patients lacking insurance.
4. 167% to 200% of FPL: 25% discount to charges (with additional discounts so that payment is no greater than the average cost-to-charge ratio times applicable charges). This includes the discount (currently 25% of charges) which the Memorial may provide for all patients lacking insurance.
5. 201% to 300% of FPL: Payment limited to 130% of the average cost-to-charge ratio times applicable charges. This includes the discount (currently 25% of charges) which the Memorial may provide for all patients lacking insurance coverage.

Date of Last Revision: March, 2008

Date of Approval by Board of Trustees: